GOVERNMENT OF INDIA
POWER
LOK SABHA

UNSTARRED QUESTION NO:91
ANSWERED ON:17.10.2008
MEGA POWER PROJECTS
Rao Shri Kavuru Samba Siva;Rathod Shri Harisingh Nasaru

Will the Minister of POWER be pleased to state:

(a) the steps taken by the Government to promote and encourage mega power projects;

(b) the mechanism for time bound clearance and operationalisation of such projects;

(c) whether the Government proposes to revise its policy towards setting up of mega power projects and extend financial and other incentives to these projects; and

(d) if so, the details thereof?

Answer

THE MINISTER OF STATE IN THE DEPARTMENT OF COMMERCE,MINISTRY OF COMMERCE & INDUSTRY AND MINISTER OF STATE IN THE MINISTRY OF POWER(SHRI JAIRAM RAMESH)

(a):
(i) In terms of the existing Mega Power Policy of the Government,operational since 1995 and last modified in April,2006,the following fiscal concessions/benefits have been extended to mega power projects:-

Zero Customs duty on import of capital equipment;

Deemed Export benefits to domestic bidders of mega power project equipment under Chapter 8 of the Foreign Trade Policy; and

Income Tax benefits:In addition,income-tax holiday regime as per Section 80-IA of the Income Tax Act, 1961.

(ii) Further the Government has taken following legislative,policy and administrative measures to encourage investments in the power sector,including mega power projects:

Enactment of new Electricity Act, 2003.

De-licensing of thermal power generation.

Provision of fuel linkages.

Structuring of ultra mega power projects.

Open access in Transmission & Distribution.

Notification of Tariff Policy.

Notification of National Electricity Policy.

Coordination with Ministry of Environment & Forests.

(b) : According to the Electricity Act,2003,thermal generation has been delicensed and concurrence of Central Electricity Authority (CEA) is not required for setting up of thermal power plants including those in the private sector.In case of hydel projects, concurrence of CEA is required under Section 8(1) of the Electricity Act for setting up of a hydro power generation station estimated to involve a capital expenditure exceeding such sum as may be notified by the Central Government from time to time.

(c) & (d) : The existing Mega Power Policy is presently under review.